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EXTRAORDINARY

PART II—Section 1

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MINISTRY OF LAW

(Legislative Department)

New Delhi, the 3rd April, 1961/Chaitra 13, 1883 (Saka)

The following Act of Parliament received the assent of the President on the 1st April, 1961, and is hereby published for general information:—

THE INSURANCE (AMENDMENT) ACT, 1961

NO. II OF 1961

[1st April, 1961.]

An Act further to amend the Insurance Act, 1938.

Be it enacted by Parliament in the Twelfth Year of the Republic of India as follows:—

4 of 1938.
1. This Act may be called the Insurance (Amendment) Act, 1961. Short title

2. After Part IV of the Insurance Act, 1938 (hereinafter referred to as the principal Act), the following Part shall be inserted, In insertion of a new Part namely:—

'PART IVA

RE-INSURANCE

(1) Every insurer shall re-insure with Indian reinsurers such percentage of the sum assured on each policy as may be specified by the Central Government under sub-section (2).

Re-insurance
with Indian
re-insurers

(2) For the purposes of sub-section (1), the Central Government may, by notification in the Official Gazette,—

(a) specify the percentage of the sum assured on each policy to be re-insured and different percentages may be specified for different classes of insurance:

Provided that no percentage so specified shall exceed thirty per cent. of the sum assured on such policy; and

(b) also specify the proportions in which the said percentage shall be allocated among the Indian re-insurers.

(3) Notwithstanding anything contained in sub-section (1), an insurer carrying on fire insurance business in India may, in lieu of re-insuring the percentage specified under sub-section (2) of the sum assured on each policy in respect of such business, re-insure with Indian re-insurers such amount out of the first surplus in respect of that business as he thinks fit, so however that, the aggregate amount of the premiums payable by him on such re-insurance in any year is not less than the said percentage of the premium income (without taking into account premiums on re-insurance ceded or accepted) in respect of such business during that year. .

*Explanation.—*For the purposes of this sub-section, the year 1961 shall be deemed to mean the period from the 1st April to the 31st December of that year.

(4) A notification under sub-section (2) may also specify the terms and conditions in respect of any business of re-insurance required to be transacted under this section and such terms and conditions shall be binding on Indian re-insurers and other insurers.

(5) No notification under sub-section (2) shall be issued except after consultation with the Advisory Committee constituted under section 101B.

(6) Every notification issued under this section shall be laid before each House of Parliament, as soon as may be, after it is made.

(7) For the removal of doubts, it is hereby declared that nothing in sub-section (1) shall be construed as preventing an insurer from re-insuring with any Indian re-insurer or other insurer the entire sum assured on any policy or any portion thereof in excess of the percentage specified under sub-section (2).

(8) In this section,—

(i) "policy" means a policy issued or renewed on or after the 1st day of April, 1961, in respect of general insurance business transacted in India and does not include a re-insurance policy; and

(ii) "Indian re-insurer" means an insurer specified in sub-clause (b) of clause (9) of section 2 who carries on

exclusively re-insurance business and is approved in this behalf by the Central Government.

101B. (1) The Central Government shall, for the purposes of section 101A, constitute an Advisory Committee consisting of not more than five persons having special knowledge and experience of the business of insurance. Advisory Committee

(2) The term of office of, and the allowances payable to, members of the Advisory Committee, the procedure to be followed by, and the quorum necessary for the transaction of business of, the Committee and the manner of filling casual vacancies therein shall be such as may be prescribed.

3. In section 114 of the principal Act,—

Amendment of section 114.

(i) in sub-section (2), after clause (l), the following clause shall be inserted, namely:—

“(ll) the term of office of, and the allowances payable to, members of the Advisory Committee constituted under section 101B, the procedure to be followed by, and the quorum necessary for the transaction of business of, the Committee and the manner of filling casual vacancies therein;”;

(ii) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) Every rule made under this section shall be laid as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall, thereafter, have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.”.

R. C. S. SARKAR,
Secy. to the Govt. of India.

